

Message Text

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70

ACTION EB-07

INFO OCT-01 EUR-12 EA-06 IO-10 ISO-00 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 FRB-03 H-01 INR-07 INT-05

L-02 LAB-04 NSAE-00 NSC-05 PA-01 RSC-01 AID-05

CIEP-01 SS-15 STR-01 TAR-01 TRSE-00 USIA-06 PRS-01

SP-02 OMB-01 FEA-01 AF-06 ARA-06 NEA-09 /126 W

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R 201745Z JAN 75

FM USMISSION GENEVA

TO SECSTATE WASHDC 0082

INFO USMISSION EC BRUSSELS

USMISSION OECD PARIS

AMEMBASSY BONN

AMEMBASSY THE HAGUE

AMEMBASSY DUBLIN

AMEMBASSY BRUSSELS

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY ROME

AMEMBASSY PARIS

AMEMBASSY CANBERRA

AMEMBASSY TOKYO

AMEMBASSY WELLINGTON

AMEMBASSY OTTAWA

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PASS AGRICULTURE AND STR

E.O. 11652: N/A

TAGS: ETRD GATT

SUBJECT: TNC PREPARATIONS

REF: GENEVA 0217

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1. SUMMARY. NOTWITHSTANDING THE VIEWS OF EC MEMBER STATE DELEGATES REPORTED IN THE REFTEL THAT THERE IS NOT YET A FIRM DECISION BY THE EC COUNCIL OF MINISTERS ON HOW TO HANDLE AGRICULTURE IN THE MTN, LUYTEN, THE EC GENEVA COMMISSION REPRESENTATIVE, STATE TODAY THAT THERE IS NOT THE SLIGHTEST DOUBT THAT THE COMMUNITY WILL INSIST ON ALL ISSUES PERTAINING TO AGRICULTURE BEING UNDER THE SUPERVISION OF A SPECIAL AGRICULTURE GROUP. END SUMMARY.

2. IN CONVERSATIONS WITH LUYTEN, THE EC GENEVA COMMISSION REP, THE LATTER EXPLAINED THAT THERE SHOULD NOT BE THE SLIGHTEST DOUBT ABOUT THE COMMUNITY'S RESOLVE TO DEAL WITH AGRICULTURE EXCLUSIVELY IN A SPECIAL GROUP, EITHER THE EXISTING 3(E) GROUP OR A GROUP HAVING IDENTICAL TERMS OF REFERENCE.

3. WHEN A MEMBER OF THE GATT SECRETARIAT PRESENT AT THIS CONVERSATION ADVANCED THE OPINION THAT THIS CONTROVERSIAL ISSUE COULD PERHAPS BE DEFUSED BY SETTING UP SPECIAL GROUP DEALING WITH AGRICULTURAL COMMODITIES (E.G., A GRAIN GROUP, A MEAT GROUP), WHICH, HOWEVER, WOULD DIRECTLY REPORT TO THE TNC, LUYTEN SAID THAT SUCH A PROCEDURE WOULD BE ABSOLUTELY UNACCEPTABLE TO THE EC. WHATEVER AGRICULTURAL SUBGROUPS THERE MAY BE CREATED, THEY WOULD HAVE TO REPORT TO A PRINCIPAL AGRICULTURAL BODY, SUCH AS THE PRESENT 3(E) GROUP. THIS WOULD NOT ONLY BE TRUE OF SPECIFIC COMMODITIES BUT ALSO OF GENERAL PROBLEMS, SUCH AS SAFEGUARDS, SUPPLY ACCESS AND STANDARDS. ANY AND EVERY AGRICULTURAL ASPECT OF THE MTN WOULD HAVE TO BE WITHIN THE EXCLUSIVE COMPETENCE OF SUCH AN AGRICULTURAL MAIN BODY. (HOWEVER, PRESUMABLY SOME GENERAL ISSUES WITH SECONDARY AGRICULTURAL ASPECTS SHOULD CONTINUE TO BE DEALT WITH IN OTHER BODIES IN CONJUNCTION WITH THE 3(E) GROUP AS UNDER THE PRESENT ORGANIZATIONAL STRUCTURE CREATED FOR THE PREPARATORY PERIOD.)

4. LUYTEN ACKNOWLEDGED THAT THERE MAY BE SOME FLAWS IN THE COMMUNITY'S ARGUMENT THAT AGRICULTURE HAS SPECIAL CHARACTERISTICS WHICH CALL FOR A SPECIAL TREATMENT IN THE MTN DISTINCT FROM THE TREATMENT OF INDUSTRIAL PRODUCTS. HE ALSO ACKNOWLEDGED THAT THERE MIGHT BE AT PRESENT NO ANANIMITY AMONG EC MEMBER STATES ON THIS ISSUE. HOWEVER, HE ASSERTED THAT THE COMMUNITY FOR INTERNAL POLITICAL REASONS WILL INSIST ON SUCH AN APPROACH AND NOBODY LIMITED OFFICIAL USE

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SHOULD ENTERTAIN ANY ILLUSIONS THAT THE COMMUNITY MIGHT MAKE CONCESSIONS ON THIS ISSUE. (COLMANT, FRENCH GATT REP IN SEPARATE CONVERSATION EXPRESSED HOPE THAT HASSLE ON THIS SUBJECT COULD BE AVOIDED BY MERELY CONTINUING WITH PRESENT STRUCTURE WITHOUT FRESH DISCUSSION.)

5. WHEN ASKED HOW THE COMMUNITY WOULD REACT IF A NEW STALE-MATE AROSE ON ACCOUNT OF DIFFERENT VIEWS BY MTN PARTICIPANTS

ON THIS ISSUE, LUYTEN SAID THE COMMUNITY WOULD SET BACK AND WAIT, ITS POSITION IN THIS RESPECT BEING ABSOLUTELY UNCOMPROMISING.

6. AS REGARDS THE QUESTION OF A CUT-OFF DATE FOR THE NEGOTIATIONS, LUYTEN EXPRESSED THE OPINION THAT THIS IS NOT AN ISSUE WHICH SHOULD BE DEALT WITH IN THE TNC MEETING BUT THAT THIS ISSUE SHOULD BE TAKEN UP LATER IN THE COURSE OF VARIOUS REVIEW MEETINGS ON THE PROGRESS OF THE NEGOTIATIONS WHICH MIGHT TAKE PLACE IN LATE SPRING AND/OR AGAIN IN THE FALL OF THIS YEAR.

7. WITH REGARD TO THE TOPICS ON WHICH THE MTN SHOULD CONCENTRATE IN THE FIRST STAGE OF ITS WORK, LUYTEN SAID THAT THIS WOULD NATURALLY HAVE TO BE ISSUES ON WHICH THE PREPATORY GROUPS CONCENTRATED BECAUSE IT IS INCONCEIVABLE THAT THESE TOPICS (E.G., EXPORT SUBSIDIES OR COUNTERVAILING DUTIES) COULD BE SET ASIDE FOR LATER CONSIDERATIONS.

8. IN ABOVE-MENTIONED SEPARATE CONVERSATION, COLMANT MADE ADDITIONAL POINTS:

(A) EC WOULD LIKE TO BEGIN WORK ON TARIFFS PROMPTLY. WE EXPRESSED VIEW THIS SHOULD BE POSSIBLE AND THAT ITC SIX-MONTH REVIEW NEED NOT STAND IN WAY OF DISCUSSION OF GENERAL TARIFF CUTTING FORMULAE. COLMANT SAID THAT IT WOULD BE USEFUL TO HAVE EARLY OFFICIAL INDICATION OF US WILLINGNESS TO CONSIDER FORMULA AIMED AT HARMONIZATION AS WELL AS LIBERALIZATION. WE INDICATED EXPECTATION US WOULD BE WILLING CONSIDER FORMULA INVOLVING REASONABLE DEGREE OF HARMONIZING DOWNWARD IF BASIC OBJECTIVE WAS LIBERALIZATION AND RECIPROCITY REQUIREMENT MET.

(B) ON NTBS, COLMANT INDICATED EC FAVORED PRIORITY FOR GOVERNMENT PROCUREMENT, STANDARDS, AND SUBSIDIES/COUNTERVAILING DUTIES. ON LATTER, HE SAID SUBJECT SHOULD BE SPLIT WITH AGRICULTURAL ASPECTS GOING TO 3(E) SUBCOMMITTEE OR ITS RENAMED SUCCESSOR. ON GOVERNMENT PROCUREMENT, WE SAID WE LIMITED OFFICIAL USE

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DID NOT KNOW IF US WOULD FAVOR BRINGING ISSUE TO MTN RIGHT AWAY, OR WHETHER WOULD WANT MORE PRELIMINARY WORK IN OECD.

(C) ON SAFEGUARDS, COLMANT CONSIDERED EC HAD REACHED POSITION. ON KEY ISSUE OF DISCRIMINATORY/NON-DISCRIMINATORY APPLICATION, HE SAID EC WOULD FAVOR AUTHORIZING WHAT IN EFFECT WOULD BE DISCRIMONATORY APPLICATION, BUT WOULD WANT THIS SOMEWHAT FUZZED. SAID FRANCE WOULD NOT WANT RESULTING SAFEGUARD SYSTEM SUPERVISED BY BODY LIKE TEXTILE SURVEILLANCE BOARD, BUT WOULD PREFER ANTIDUMPING COMMITTEE APPROACH.

(D) SAID EC WOULD SUPPORT NEW TNC SUBGROUP ON EXPORT RESTRICTION. BELIEVED WORK SHOULD START BY AGREEMENT THAT GATT RULES ON IMPORTATION WOULD EXPLICITLY APPLY TO EXPORTS. ON QUESTION OF NEGOTIATIONS RELATING TO PARTICULAR COMMODITIES, SAID FRANCE FAVORABLE BUT GERMANY OPPOSED BECAUSE OF GENERAL PHILOSOPHY CONCERNING COMMODITY AGREEMENTS. ABRAMS

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